

## **MEETING MINUTES**

### **Kentucky Soil and Water Conservation Commission**

**Monday September 15, 2014 – 9:00 am**

**Two Hundred and Ninetieth Meeting**

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In Attendance: Vice-Chairman Jack Roberts; Ray Adams, Secretary; Scotty Parsons; Danny Shipley; Marc Hult; Peggy Conway; and Sanford Holbrook. Others Present: Commissioner Steve Hohmann, DNR; Deputy Commissioner Sandy Gruzsky, DNR; and State Conservationist Karen Woodrich, NRCS.

Also in attendance were Division of Conservation employees Kim Richardson, Director; Johnna McHugh, Assistant Director; and Jeffrey Reed.

Quorum was met.

**Meeting Called to Order** – at 9:11 a.m. by Vice-Chairman Jack Roberts.

**SWCC Minutes From Last Meeting – July 13, 2014** – Motion to approve minutes was made by Mr. Sanford Holbrook. Motion seconded by Mr. Scotty Parsons. **Motion carried.**

**Equipment Report** – DOC Assistant Director Johnna McHugh presented the report with copies given.

**Statement of Operations – Fiscal Year 2014-2015** - Motion to accept the Statement of Operations as presented was made by Mr. Scotty Parsons. Motion seconded by Sanford Holbrook. **Motion carried.**

**Approval of Equipment Loan Requests** – The Marion County Conservation District requested \$39,504.00 to be used for a Case 580SN Loader Backhoe. Mr. Ray Adams questioned the tax-exemption status for this piece of equipment since it could be used for purposes other than farming. Mr. Scotty Parsons motioned to approve this loan for Marion County contingent on the tax exemption question being checked into further. Mr. Sanford Holbrook seconded the motion. **Motion carried.**

The Christian County Conservation District requested \$17,735.00 to be used for a 706 No-Till 7ft. Great Plains Drill with attached Native Grass Box. A motion to approve this loan for Christian County was made by Mr. Sanford Holbrook. Motion seconded by Mr. Danny Shipley. **Motion carried.**

The Magoffin County Conservation District requested \$4,666.67 to be used for a Great Plains Seeder. Motion to approve this loan for Magoffin County was made by Mr. Scotty Parsons. Motion seconded by Mr. Danny Shipley. **Motion carried.**

**Vacancy Petitions for Conservation District Supervisor's Appointments** - DOC Director Kim Richardson presented the report with copies given.

**Mercer County** - Louis Charles Ison "Charlie" to fill the unexpired term of Kenneth Jackson (2014)

**Martin County** – Timothy Maynard to fill the unexpired term of James Bert Farley (2016)

Motion to accept the vacancy petitions was made by Mr. Sanford Holbrook. Motion was seconded by Mr. Danny Shipley. **Motion carried.**

**Incentive Pay For Supervisors**

Spencer County

N. Glen Goebel - Area 4 Meeting: 12 ten-minute trainings

Lowry Brown – Area 4 Meeting: 12 ten-minute trainings

Sidney Ware – Area 4 Meeting: 12 ten-minute trainings

Paul Jeffries – Area 4 Meeting: 12 ten-minute trainings

Alvis Shirley – Area 4 Meeting: 12 ten-minute trainings

Robert L. Jones – Area 4 Meeting: 12 ten-minute trainings

Thomas Franklin, Jr. – Area 4 Meeting: 12 ten-minute trainings

Motion to accept incentive pay for supervisors per diem was made by Mr. Ray Adams. Motion seconded by Mr. Sanford Holbrook. **Motion carried.**

Lee County has repeatedly asked to have the Woodland Owners Short Course approved for per diem but they have not faxed Director Richardson a copy of the agenda/syllabus for her review. Until this is done there cannot be a vote for approval.

**Agriculture District Program** - DOC Assistant Director Johnna McHugh presented the report with copies given.

Eight (8) new petitions were presented to the Commission for consideration for a total of 5,914.37 acres.

**Bourbon County** (Petition No. 009-09) - 493 acres. There were two (2) concerns raised before a motion was presented. The first questioned the filing date of January 6<sup>th</sup>. The delay is due to problems involving the maps that were submitted. Mr. Mark Davis, DOC, has been working with the Bourbon County Board to correct these issues. The second question dealt with part of the tract, 133 acres, being located within the city limits. The Planning and Zoning Board presented no comments or concerns after reviewing this petition. Motion to approve was made by Ms. Peggy Conway and seconded by Mr. Ray Adams. **Motion carried.**

**Bourbon County** (Petition No. 009-10) - 1095 acres. Motion to approve was made by Mr. Ray Adams and seconded by Mr. Scotty Parsons. **Motion carried.**

**Bourbon County** (Petition No. 009-11) - 625 acres. Motion to approve was made by Mr. Ray Adams and seconded by Ms. Peggy Conway. **Motion carried.**

**Bourbon County** (Petition No. 009-12) - 402 acres. Motion to approve was made by Mr. Ray Adams and seconded by Mr. Danny Shipley. **Motion carried.**

**Caldwell County** (Petition No. 017-01/A1) - 2159.77 acres. Motion to approve was made by Mr. Scotty Parsons and seconded by Mr. Danny Shipley. **Motion carried.**

**Madison County** (Petition No. 076-08) - 722.90 acres. Motion to approve was made by Mr. Ray Adams and seconded by Mr. Marc Hult. **Motion carried.**

**Mercer County** (Petition No. 084-11/A1) - 14 additional acres. The Planning and Zoning Board's thirty (30) day comment period will not be ending until Thursday September 18<sup>th</sup> so this will need to be a contingent approval. Motion for contingent approval was made by Mr. Danny Shipley and seconded by Ms. Peggy Conway. **Motion carried.**

**Metcalf County** (Petition No. 085-02) - 402.70 acres. Motion to approve was made by Mr. Danny Shipley and seconded by Mr. Ray Adams. **Motion carried.**

Ten (10) agricultural districts have been submitted to the Commission for five-year recertification for a total of 8,265.48 acres. Motion to approve was made by Mr. Scotty Parsons and seconded by Mr. Ray Adams. **Motion carried.**

**Division of Conservation Report** – DOC Director Kim Richardson presented the report.

**Staff Changes** - Due to the recent reorganization of the Office of Mine Safety and Licensing, Mr. Jeff Reed has now been assigned with the Division of Conservation.

**State Cost Share Progress** – A final push is being given during the month of September to advertise the State Cost Share Program. Hopefully on October 1<sup>st</sup> we will be opening up software for the district offices to use in filling out their State Cost Share applications. They will have the entire month of October to enter their applications. At the November meeting the applications will be presented for the commission to review their rankings.

The Governor along with the Attorney General recently announced that a settlement has been reached with the tobacco companies in which Kentucky will be receiving approximately \$58 million. The 2016 budget calls for zero (0) dollars in State Cost Share money. Last week the KACD took the initiative by setting up conference calls with the conservation districts to help promote talking with their legislators about allocating some of these funds to the State Cost Share Program. Invitations to participate in these conference calls will be sent out by the KACD in November.

There will be an overhauling of the online State Cost Share system. Phase one entails updates by our cabinet's IT personnel. The previous system had issues with coding, obsolete terms, etc. The new system, while looking the same, will be more user friendly with web links, for example, to various Division websites to assist in the filling out process. The only real change is that the districts will have to go to a new web address to access the site. Also, in early October, the manual is going to be reissued with an updated direction/instruction section. Phase two will be an updated 2016 application used by farmers. The new application will provide questions which give more detailed information to meet our needs such as those involving "nutrient reduction strategies," etc.

On October 1<sup>st</sup> Ms. Richardson will be testifying before the Tobacco Oversight Committee on how funds are used for the State Cost Share Program. This is a routine meeting.

Graves County Conservation District mailed a letter accusing DOC of returning approximately \$40,000 to their state legislators and SWCC Chair John Denton. Ms. Richardson, who was not mailed a copy of the letter, was contacted by LRC whom she informed that this was an untrue accusation. Chairman John Denton mailed a letter in response to Graves County's letter requesting specifics and their source for this allegation. As of today's date no response has been given to Chairman Denton's follow-up letter. A motion was made by Mr. Scotty Parsons for Ms. Richardson to send another letter on behalf of the commission to Graves County, and Seconded by Mr. Sanford Holbrook. **Motion carried.**

**Direct Aid** – During the first week of August the Conservation District Offices received one half (1/2) of the Direct Aid proposed at the July meeting per your approval. At the Commission's request Ms. Richardson and Ms. Johnna McHugh came up with a point system to help provide transparency for how future Direct Aid monies would be distributed. A one (1) through six (6) point system is proposed, with six (6) representing the greatest need. The proposed system's highlights are:

Balance on Hand (year-end receipts): Number of points (1 through 5) awarded based on \$50,000 increments. Districts with less money would receive more points.

General Fund or Millage Tax: Offices relying on general fund instead of millage tax would be awarded one (1) point; offices with access to millage tax funding would not be awarded any points due to their ability to raise additional funding through this tax.

In this year's example (copies distributed for meeting use only) of the proposed system, restricted funds are included in the totals because they have not previously been required to be separated. However, these restricted funds, which are legally set aside for specific purposes, will be separated for next year's totals. Ms. Richardson stated she would get the field reps involved with this project and new totals would be presented at the November meeting. The board decided to discuss the new point

system proposal further in November. Mr. Ray Adams suggested to Ms. Richardson that the conservation districts need to be made aware that a change in allocation of funds will be forthcoming and that discussion of this should be made at every area meeting along with possibly having a program at the conference at which the districts could have a “sharing of idea’s and strategies” on what worked for them in raising of funds. Concerning the remaining funds for this year that have yet to be distributed, it was proposed that the current system of allocation remain in place. Motion to approve was made by Mr. Marc Hult. Motion seconded by Mr. Scotty Parsons. **Motion carried.**

#### **Agency Reports**

Natural Resources Conservation Service – Ms. Karen Woodrich, State Conservationist, presented the report. Kentucky ranked second in applications submitted to The Regional Conservation Partnership Program (RCPP). There were fourteen (14) from the State; four (4) National (entails a regional section of which Kentucky is a part); and two (2) Critical Conservation Areas. Of these twenty (20) applications four (4) National, two (2) State; and two (2) Critical Conservation Areas have been selected to submit full proposals by October 2, 2014 for further consideration. All full proposal requests are posted on the NRCS website. The KY Division of Conservation’s proposal concerning nutrient reduction and Kenton County Conservation District’s proposal have made the next to the final cut. This program will provide additional funding for our state and, if requested, technical assistance for these projects.

Ms. Woodrich highlighted the concerns with conservation compliance and crop insurance and the role that NRCS plays in this. She reiterated that NRCS’s role would continue to be as outlined in the 1985 Food Security Act. Therefore it does not matter if crop insurance is tied to compliance or not, NRCS will continue to make HEL and wetland determinations as they have since 1985. Ms. Woodrich had copies of fact sheets available for all who requested one.

In order to make NRCS more transparent, Ms. Woodrich made copies available of their recent restructuring results which list the fourteen (14) work units across the state; staff and their locations, including their telephone numbers; and a diagram of NRCS’s organizational structure. Copies of this will be sent out by NRCS to the conservation district offices with updates forthcoming as needed.

Mr. Scotty Parsons expressed his constituent’s concerns that both NRCS and DOC would soon be taking on more of a regulatory rather than advisory/educational role. Both Ms. Woodrich and Ms. Kim Richardson, as representatives of these agencies, assured Mr. Parsons that this was not correct and that they would continue to fill advisory roles.

Kentucky Department for Natural Resources – Deputy Commissioner Sandy Gruzesky presented the report. The Division of Water will be publishing their nutrient reduction strategy within the next two weeks. If funding is being received to assist with this program then certain practices (tracking, documenting, etc.) must be in place to insure compliance. These special funds must be used for their intended purposes and practices maintained for the length of its life. As the nutrient reduction strategy progresses tracking of this will be looked at more closely as well as compliance of the Ag Water Quality Act. The UK Extension Office is continuing to educate in this area and make sure that the districts have the information they need to be compliant.

Kentucky Department of Agriculture - Mr. Steve Kelly was not in attendance.

Agriculture Education/FFA State Advisor – Mr. Brandon Davis was not in attendance.

Farm Service Agency – Mr. John McCauley, State Executive Director, was not in attendance.

University of Kentucky Research Experiment Station – Dr. Steve Higgins was not in attendance.

Division of Forestry – Ms. Leah MacSwords, Director, was not in attendance.

KACDE – Ms. Leslie Fourqurean was not in attendance.

**Next Board Meeting will be held:**

Third Monday at 9:00 a.m. - November 17, 2014

**Other Business**

The possible misappropriation of funds by the Breathitt County Conservation District was presented by DNR Deputy Commissioner Sandy Gruzesky. Ms. Kim Richardson announced that this district would be audited and that this audit would be published and made available to the public. If the auditors determine that fraud or other criminal activity has taken place then these finding will be turned over to the Commonwealth Attorney and the Attorney General's Office. DNR Commissioner Steve Hohmann suggested that Ms. Kim Richardson speak with Ms. Barbara Pauley, DNR, to determine the steps our Cabinet needs to take regarding this.

Ms. Peggy Conway expressed concern about Field Representatives not attending meetings. Ms. Kim Richardson stated that she and Ms. Johnna McHugh would address any problems regarding this should they arise. Ms. Richardson has always encouraged the Field Representatives, as advisors to their districts, to attend their area meetings.

Mr. Sanford Holbrook requested a "years of service list" to be used to encourage attendance to the conventions of those who are eligible to be recognized for this accomplishment. Ms. Richardson said she would provide this list.

**Adjournment** - Motion to adjourn was made by Mr. Ray Adams. Motion seconded by Mr. Sanford Holbrook. **Motion carried,** meeting adjourned at 11:19 a.m.

**DIVISION OF CONSERVATION  
SPECIALIZED EQUIPMENT AND LOAN REVOLVING FUND ACCOUNT  
STATEMENT OF OPERATIONS  
FISCAL YEAR 2014-2015**

**SEPTEMBER 2014**

Beginning Balance	\$	2,337,868.85
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**RECEIPTS**

Payment on Principal	\$	98,456.14		
Interest Trans. To Amort.. (Loan Account)	\$	26,734.91		
Amortization transferred to Agency Fund	\$	-	\$	125,191.05
			\$	-
Total Amount Available	\$	125,191.05	\$	2,463,059.90
Carry forward Interest after Transfers	\$	-		
Interest to Date 13-14	\$	5,549.97		
Less Transfer of Interest to Agency Fund	\$	-		
Less Transfer of Interest to Amortization	\$	-		
Interest Available for Loans unless transferred	\$	5,549.97		

**DISBURSEMENTS**

Loans Made	\$	-
Ending Balance for Amortization Account	\$	2,463,059.90

**STATEMENT OF CHANGE IN LOAN AVAILABLE**

Beginning Balance	\$	2,054,280.54
	\$	-
ADD: Amount Advanced on New Loans	\$	-
SUB-TOTAL	\$	2,054,280.54
Deduct: Payments Received	\$	98,456.14
Write-off of Uncollectable Loans	\$	-
Ending Balance-Loans Receivable	\$	1,955,824.40

**STATEMENT OF GAIN OVER APPROPRIATION**

Balance: Loans Receivable	\$	1,955,824.40
Balance: Revolving Fund	\$	2,463,059.90
Sub-Total	\$	4,418,884.30
<b>APPROPRIATIONS</b>		
1948 - \$400,000	1968 - \$	250,000
1960 - \$200,000	1976 - \$	1,000,000
<b>GAIN OVER APPROPRIATION</b>	\$	2,568,884.30

**Transfers**

\$50,000 to Agency Fund FY 82-83	\$121,700 Int. to Agcy.+98,300 Amort. to Agcy. FY 96-97	
\$30,000 to Gen. Fund FY 83-84	\$121,000 Int. to Agcy. +\$158,000 Amort. to Agcy. FY 97-98	
\$14 Balance with Interest collected in FY 84-85	\$117,500 Int. to Amort. FY 98-99	\$52217.75 Int. to Amort. FY 08-09
\$65,000 to Gen. Fund FY 87-88	\$114,700 Int. to Amort. FY 99-00	\$49284.06 Int. to Amort. FY 09-10
\$189,000 to Gen. Fund FY 88-89	\$119,400 Int. to Amort. FY 00-01	\$37,366.63 Int. to Amort FY10-11
\$185,000 to General Fund +\$135,000 to Agcy. FY89-90	\$ 84,200 Int. to Amort. FY 01-02	\$29,171.61 Int. to Amort FY 12
\$75,000 Int. to Amort. +\$40,000 Agcy. FY 90-91	\$ 58,100 Int. to Amort. FY 02-03	\$27,650.36 Int. to Amort FY 13
\$138,700 to Agcy. FY 91-92	\$ 57,896.98 Int. to Amort. FY 03-04	
\$51,400 Amort. to Agcy. +\$148,600 Int. to Amort. FY 92-93	\$ 63,225.70 Int. to Amort. FY 04-05	
\$147,400 Int. to Agcy. +\$51,600 to Agcy. FY 93-94	\$ 62,794.13 Int. to Amort. FY 05-06	
\$ 77,100 Amort. To Agcy. +\$122,700 Int. to Agcy. FY 94-95	\$ 65,499.83 Int. to Amort. FY 06-07	
\$138,900 Int. to Agcy. +\$61,100 Amort. to Agcy. FY 95-96	\$ 53,198.65 Int. to Amort. FY 07-08	